



TREND AND GROWTH RATE OF DEPOSIT MOBILISATION OF INDIAN BANK - AN ANALYSIS

THANGAM ALAGARSAMY, Ph.D. Full Time Research Scholar, School of Management,
Department of Commerce, Alagappa University, Karaikudi

Dr. S. GANAPATHY, Professor, School of Management, Department of Commerce, Alagappa
University, Karaikudi

Abstract: *The present study is trend and growth rate of deposit mobilization of Indian Bank. In this paper, an endeavor is made to assess the annual growth rate and compound annual growth rate in deposit mobilization of Indian Bank during the period from 2013-2014 to 2017-2018. The fundamental function of a banker is accepting of money from the public (Customer) by way of deposits and deploying the same using loans (Advances) and investments. Deposits are the key to a bank's potential growth. Total deposits have increased substantially over time. The bulk of resources employed by a modern banker consists of borrowed money-largely deposits-which are lent out as profitably as is consistent with safety. One of the greatest strength of a bank is its level of customer deposits which also enables it to achieve a lower cost of funds than the cost of alternative sources of funds.*

Keywords: *Deposit Mobilization, Demand Deposits, Saving Deposits, Term Deposits.*

INTRODUCTION

The fundamental function of a banker is accepting of money from the public by way of deposits and deploying the same using loans and investments¹. Deposits are the key to a bank's potential growth. Total deposits have increased substantially over time. The bulk of resources employed by a modern banker consists of borrowed money-largely deposits-which are lent out as profitably as is consistent with safety. One of the greatest strength of

¹ Indian Institute of Banking and Finance, "*Principles Practices of Banking*", 2nd Edition, Macmillan India Limited, pp.105.



a bank is its level of customer deposits which also enables it to achieve a lower cost of funds than the cost of alternative sources of funds.

INDIAN BANK

Indian Bank is an Indian state-claimed budgetary administrations organization set up in 1907 and headquartered in Chennai, India. It has 20,924 workers, 2836 branches and is one of the best performing open division banks in India. Add up to business of the bank has contacted Rs.3.64 lakh Crores as on 31.03.2018. Bank's Information Systems and Security forms guaranteed with ISO27001:2013 standard and is among not very many Banks affirmed around the world. It has abroad branches in Colombo and Singapore including a Foreign Currency Banking Unit at Colombo and Jaffna. It has 227 Overseas Correspondent banks in 75 nations. The bank has two auxiliary organizations "Indbank Merchant Banking Services Ltd" and "IndBank Housing Ltd.".Since 1969 the Government of India has claimed the bank².

REVIEW OF LITERATURE

Ganapathy.S and Thangam Alagarsamy(2017)³,in their study, **“Deposit Mobilization of Commercial Banks: A Study with Special Reference to Southern Region in India”**, the banks should introduce various deposit schemes to attract the public. All commercial banks to new branches in rural areas increase the deposit. All commercial banks to create a business or self employment to improve the per capita income and saving/ depositing money become necessary. All commercial banks create awareness of the existence and availability of support services among the customers.

OBJECTIVE OF THE STUDY

- To analysis the trend and growth rate of deposit mobilization of Indian Bank.

SOURCE OF DATA

² https://en.wikipedia.org/wiki/Indian_Bank

³ Ganapathy.S and Thangam Alagarsamy, **“Deposit Mobilization of Commercial Banks: A Study with Special Reference to Southern Region in India”**, An international Multidisciplinary Research Journal, ISSN:2249-7137, Vol.07 Issue 5, May 2017,pp.5-14.



The present investigation was mainly based on secondary data. The secondary data have been used to investigate and analyze the deposit mobilization of Indian Bank. The required secondary data were collected from journals, investigate papers, investigate reports, conference proceeding, books and yearly reports from Indian Bank.

PERIOD OF THE STUDY

This study covers a period of 5 years, from 2013-2014 to 2017-2018.

TOOLS FOR ANALYSIS

1. Annual Growth Rate

Annual Growth Rate = $(\text{Ending Value} - \text{Beginning Value}) / \text{Beginning Value}$

2. Compound Annual Growth Rate

CAGR = $(\text{Ending value} / \text{Beginning value})^{(1/\text{number of years})} - 1$

DEPOSITS MOBILIZATION

Mobilization of deposit for a bank is as essential as oxygen for human being⁴, Deposit Mobilization is one of the primary elements of saving money business thus a vital wellspring of working asset for the bank. Deposit mobilization is the collection of cash or funds by a financial institution from the public through its current accounts, savings accounts, fixed accounts, recurring accounts and other specialized schemes. Since deposits are normally considered as a cost effective source of working fund, the bank's ability to lend more as well as its success greatly lies on its deposit mobilization. Anyway the bank's capacity to activate enough assets from general society through its present, sparing, settled, repeating accounts and other specific plans will rely upon the frameworks utilized in this profoundly aggressive industry⁵.

⁴ Deb.K, "*Indian Banking Since Independence*", Ashish Publishing House, New Delhi,1988.

⁵ Digaria. H.A, "*Deposit Mobilization*", M.A.E.E.R s MIT School of Management, Pune 411038, University of Pune, 2011.



**TABLE 1: TREND AND GROWTH RATE OF DEMAND DEPOSITS AMOUNT OF INDIAN BANK
DURING THE PERIOD 2013-2014 TO 2017-2018**

Year	Demand Deposits (Rs in Crore)	Annual Growth Rate
2013-2014	7159	
2014-2015	8467	18.27%
2015-2016	9277	9.57%
2016-2017	10343	11.49%
2017-2018	12904	24.76%
Average	9630	
SD	2168.55	
CV	22.52%	
CAGR	16%	

Source: Indian Bank Annual Report

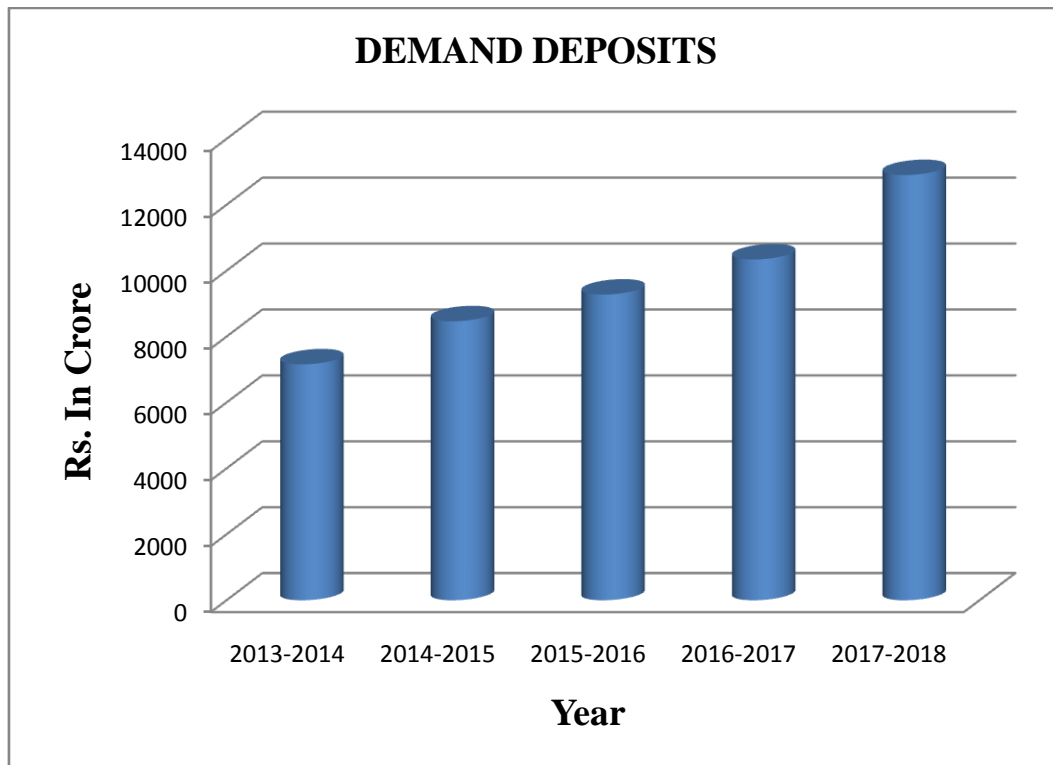
SD-Standard Deviation, **C.V**-Coefficient of Variation, **CAGR**-Compound Annualised Growth Rate.

Table 1 shows that the number of Demand Deposits in 2013-2014 was 7159 Crore it has a growth of 18.27 % in 2014-2015 but has shown a fluctuation in growth in the following years and a Compound Annual Growth Rate of 16 %.

On the average, the number of Demand deposits amount stood at 9630 Crore in India Bank during the period under study. The Compound Annual Growth Rate of 16 percentages. A highest annual growth rate of Demand deposits is found in the year 2017-2018 (24.76%).



**FIGURE 1: TREND IN DEMAND DEPOSITS OF INDIAN BANK DURING THE PERIOD 2013-2014
TO 2017-2018**



**TABLE 2: TREND AND GROWTH RATE OF SAVING DEPOSITS AMOUNT OF INDIAN BANK
DURING THE PERIOD 2013-2014 TO 2017-2018**

Year	Saving Deposits (Rs in Crore)	Annual Growth Rate
2013-2014	36900	
2014-2015	40224	9.01%
2015-2016	46481	15.56%
2016-2017	57333	23.35%
2017-2018	64060	11.73%
Average	48999.6	



SD	11467.52
CV	23.40%
CAGR	15%

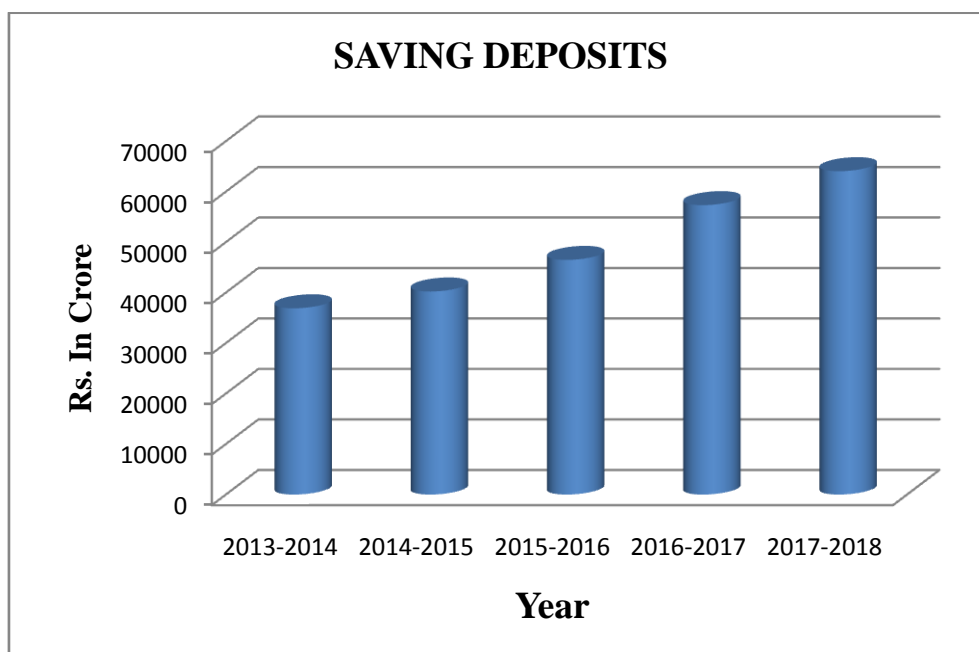
Source: Indian Bank Annual Report

SD-Standard Deviation, **C.V**-Coefficient of Variation, **CAGR**-Compound Annualized Growth Rate.

Table 2 shows that, the Saving Deposits in 2013-2014 was 36900 Crore it has a growth of 9.01 % in 2014-2015 but has shown a fluctuation in growth in the following years and a Compound Annual Growth Rate of 15 % .

On the average, the saving deposits amount stood at 48999.6 Crore in India Bank during the period under study. The Compound Annual Growth Rate of 15 percentages. A highest annual growth rate of saving deposits is found in the year 2016-2017 (23.35%).

**FIGURE 2: TREND IN SAVING DEPOSITS OF INDIAN BANK DURING THE STUDY PERIOD
2013-2014 TO 2017-2018**





**TABLE 3: TREND AND GROWTH RATE OF TERM DEPOSITS AMOUNT OF INDIAN BANK
DURING THE PERIOD 2013-2014 TO 2017-2018**

Year	Term Deposits (Rs In Crore)	Annual Growth Rate
2013-2014	118214	
2014-2015	120533	1.96%
2015-2016	122526	1.65%
2016-2017	114831	-6.28%
2017-2018	131328	14.37%
Average	121486.4	
SD	6201.81	
CV	5.10%	
CAGR	3%	

Source: Indian Bank Annual Report

SD-Standard Deviation, **C.V**-Coefficient of Variation, **CAGR**-Compound Annualized Growth Rate.

Table 3 shows that the number of Term Deposits in 2013-2014 was 118214 Crore it has a growth of 1.96 % in 2014-2015 but has shown a fluctuation in growth in the following years and a Compound Annual Growth Rate of 3 % . One more thing can be noticed here that the annual growth rate of Term Deposits has one negative figures that (-6.28) during the year 2016-2017.

On the average, the Term deposits amount stood at 121486.4 Crore in India Bank during the period under study. The Compound Annual Growth Rate of 3 percentage. A highest annual growth rate of term deposits is found in the year 2017-2018 (14.37%).



FIGURE 3: TREND IN TERM DEPOSITS OF INDIAN BANK DURING THE PERIOD 2013-2014 TO 2017-2018

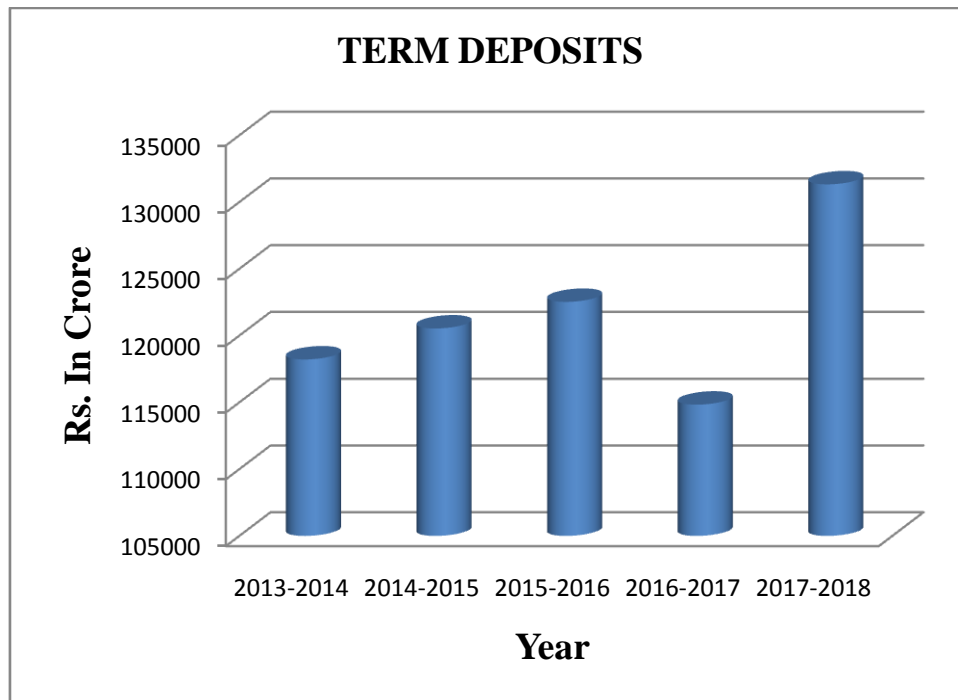


TABLE 4: TREND AND GROWTH RATE OF DEPOSITS AMOUNT OF INDIAN BANK DURING THE PERIOD 2013-2014 TO 2017-2018

Year	Total Deposits (Rs In Crore)	Annual Growth Rate
2013-2014	162274	
2014-2015	169225	4.28%
2015-2016	178285	5.35%
2016-2017	182509	2.37%
2017-2018	208294	14.13%
Average	180117.4	
SD	17607.03	



CV	9.78%
CAGR	6%

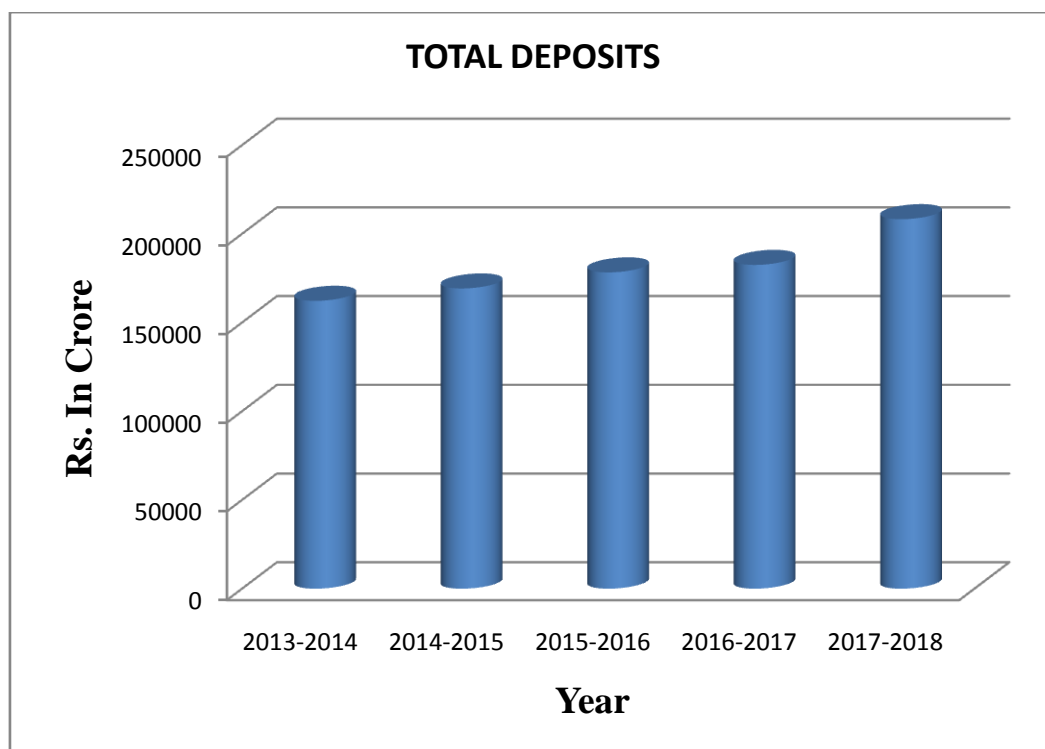
Source: Indian Bank Annual Report

SD-Standard Deviation, **C.V**-Coefficient of Variation, **CAGR**-Compound Annualized Growth Rate.

Table 4 shows that the number of Deposits in 2013-2014 was 162274 Crore it has a growth of 4.28 % in 2014-2015 but has shown a fluctuation in growth in the following years and a Compound Annual Growth Rate of 6 % .

On the average, the deposits amount stood at 180117.4 Crore in India Bank during the period under study. The Compound Annual Growth Rate of 6 percentage. A highest annual growth rate of Total deposits is found in the year 2017-2018 (14.13%).

FIGURE 4: TREND IN TOTAL DEPOSITS OF INDIAN BANK DURING THE PERIOD 2013-2014 TO 2017-2018





FINDINGS AND CONCLUSION

On the average, the number of Demand deposits amount stood at 9630 Crore in India Bank during the period under study. The Compound Annual Growth Rate of 16 percentage. A highest annual growth rate of Demand deposits is found in the year 2017-2018 (24.76%).

On the average, the saving deposits amount stood at 48999.6 Crore in India Bank during the period under study. The Compound Annual Growth Rate of 15 percentage. A highest annual growth rate of saving deposits is found in the year 2016-2017 (23.35%).

On the average, the Term deposits amount stood at 121486.4 Crore in India Bank during the period under study. The Compound Annual Growth Rate of 3 percentage. A highest annual growth rate of Term deposits is found in the year 2017-2018 (14.37%).

On the average, the deposits amount stood at 180117.4 Crore in India Bank during the period under study. The Compound Annual Growth Rate of 6 percentage. A highest annual growth rate of total deposits is found in the year 2017-2018 (14.13%).

REFERENCES

1. Ganapathy.S and Thangam Alagarsamy, "Deposit Mobilization of Commercial Banks: A Study with Special Reference to Southern Region in India", An international Multidisciplinary Research Journal(ACADEMICIA), ISSN:2249-7137, Vol.07 Issue 5, May 2017,pp.5-14.
2. Sharma, Shantanu Nandan (2018-07-29). "Meet India's 'best bank': The Indian Bank". The Economic Times.
3. Indian Institute of Banking and Finance, "Principles Practices of Banking", 2nd Edition,Macmillian India Limited, pp.105.
4. H.R. Suneja, "Management of Bank Credit", Himala Publishing House,Delhi,1992,pp.5
5. Francis Appiah-Kubi Banson, Emmanuel Sey, Jonathan Sakoe, et.,al (2010), "The Role of Mobile Deposit in Deposit Mobilization in Ghana",Asian Journal of Business and Management Science, Vol.3 No. 03 ,pp 1-18.



6. Venkatesan. S (2012), "An Empirical Approach to Deposit Mobilization of Commercial Banks in Tamilnadu", IOSR Journal of Business and Management, Issue. 2, Vol. 4, Sep-October, pp 41-45.
7. Anurag & b. Singh & Ms. Priyanka Tando(2012), " A Study of Financial Performance: A Comparative Analysis of SBI and ICICI Bank", International Journal of Marketing, Financial services & Management research, ISSN: 2277 3622, Vol.1, Issue.11, November, pp.56-71.
8. Suresh.R (2012)¹, "Deposit, Lending and Recovery Performance of Pandyan Grama Bank, Tamil Nadu: An Analysis", Indian Journal of Finance, Vol.06, Issue 1, January. pp.41-45.
9. Deb.K, "Indian Banking Since Independence", Ashish Publishing House, New Delhi, 1988.
10. https://en.wikipedia.org/wiki/Indian_Bank
11. Digaria. H.A, "Deposit Mobilization", M.A.E.E.R s MIT School of Management, Pune 411038, University of Pune, 2011.